

Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 EB-06 TRSE-00 L-02 COME-00 CIAE-00

INR-07 NSAE-00 RSC-01 OPIC-06 AID-05 SEC-01 JUSE-00

H-02 OMB-01 SS-15 SP-02 NSC-05 FRB-01 PA-02 PRS-01

USIA-15 /083 W

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R 012320Z NOV 74

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 4631

UNCLAS MEXICO 9314

E.O. 11652: N/A

TAGS: CPRS, MX

SUBJ: FRAUD INVOLVING MEXICAN "BANKS"

REF: UNCLAS STATE 240328

1. EMBASSY HAS DISCUSSED THIS CASE WITH MEXICAN AUTHORITIES AND OTHER INFORMED PERSONS OVER PERIOD OF TIME, SINCE BEFORE VISITR MR. JEFFREY FOGELSON OF ATTORNEY GENERAL'S OFFICE.

2. RANKING MEMBERS OF MEXICAN BANKING COMMISSION INFORMED MR. FOGELSON AND TWO ACCOMPANYING EMBASSY OFFICERS THAT MEXICAN GOVERNMENT ASSUMED NO RESPONSIBILITY IN CONNECTION WITH THIS FRAUD.

3. MEXICAN LAW OF CREDIT INSTITUTIONS AND AUXILIARY ORGANIZATIONS STATES THAT WHEN FINANCIAL INSTITUTIONS ARE FOUND INSOLVENT, BANKING AUTHORITIES WILL CANCEL THE CONCESSION OR TAKE OVER THE INSTITUTION AND OPERATE IT. AS MATTER OF POLICY, BANKING AUTHORITIES HAVE NOT PERMITTED BANKS TO FAIL FOR MANY YEARS. UNFORTUNATELY THE TWO FIRMS MERCANTIL DE MEXICO AND GANADERA DE MEXICO WERE CREDIT UNIONS, NOT BANKS, RESTRICTED BY UNCLASSIFIED

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MEXICAN LAW AND THEIR OWN CHARTERS TO RECEIVING DEPOSITS

ONLY FROM THEIR MEMBERS, NOT GENERAL PUBLIC. MEXICAN BANKING AUTHORITIES STATE THEY HAVE NEVER INTERVENED A CREDIT UNION, EVEN WHEN OPERATING LEGALLY, ALTHOUGH THEY HAVE CANCELED CONCESSIONS OF THOSE WITH FINANCIAL PROBLEMS.

4. MERCANTIL DE MEXICO IS IN BANKRUPTCY. THE FIRST TRUSTEE APPOINTED BY THE COURT REFUSED TO ACCEPT. A SECOND DECLINED THIS WEEK. MANIPULATIONS OF MANAGER DAVID PEDSRZINI, NOW IN SPAIN, HAVE APPARENTLY LEFT VERY COMPLICATED FINANCIAL MUDDLE. A MEXICAN LAW FIRM AGREED TO HANDLE CLAIMS OF US. INVESTORS, BUT ONLY THROUGH AN AMERICAN LAW FIRM DESIGNATED BY A GROUP OF INVESTORS.

5. GANADERA DE MEXICO IS DELINQUENT BUT EXPRESSES INTENTION TO PAY OFF EVENTUALLY.

6. EMBASSY FINDS MR. LEFKOWITZ STATEMENT AS QUOTED IN WALL STREET JOURNAL OVERLY OPTIMISTIC. WE HAVE RECEIVED NUMEROUS INQUIRIES FROM UNHAPPY INVESTORS AND HAVE TOLD THEM FRANKLY THAT MEXICAN GOVERNMENT DOES NOT INSURE DEPOSITS, IT IS NOT LEGALLY OBLIGATED IN THIS CASE, AND IT DOES NOT INTEND TO RESCUE VICTIMS OF FRAUDULENT OPERATIONS. WHILE AUTHORITIES HAVE LONG INTERVIENED FAILING BANKS AND THERE IS NO INDICATION THIS POLICY WILL CHANGE, THEY PERCEIVE NO REASON TO ASSUME RESPONSIBILITY FOR NORTH AMERICAN INTERNATIONAL'S FALSE CLAIMS THAT THE DEPOSITS WERE INSURED, OR THAT DEPOSTS WERE MADE IN BANKS.

7. COPIES OF EMBASSY'S STANDARD LETTER OF REPLY ON THIS FRAUD CASE POUCHED TO DEPARTMENT ARA/MEX SOME TIME AGO.
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